

TITLE 5, DIVISION 7.5. BUREAU FOR PRIVATE POSTSECONDARY AND VOCATIONAL EDUCATION

NOTICE IS HEREBY GIVEN that the prior notice of hearing published on January 23, 1998, is canceled, and the following notice supercedes that notice and shall govern. Written comments submitted by any interested person after January 23, 1998, but prior to the date of publication of this notice, need not be resubmitted. The Bureau for Private Postsecondary and Vocational Education will accept such written comments, and recognize them as if they were submitted in response to this notice.

NOTICE IS HEREBY GIVEN that the Bureau for Private Postsecondary and Vocational Education is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at the Department of Consumer Affairs, First Floor Hearing Room, 400 R Street, Suite 1030, Sacramento, California, at 1:30 p.m., on March 25, 1998. Written comments must be received not later than 1:30 p.m., on March 25, 1998. The Bureau for Private Postsecondary and Vocational Education ("Bureau"), upon its own motion or at the instance of any interested party, may thereafter adopt the proposal substantially as described below, or may modify such proposal if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as the contact person, and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by Sections 94770, 94774, and 94778 of the Education Code, and to implement, interpret, or make specific Section 94932(c)(2) of said Code, the Bureau is considering changes to Division 7.5 of Title 5 of the California Code of Regulations as follows:

INFORMATIVE DIGEST/PLAIN ENGLISH OVERVIEW

Education Code sections 94770, 94774, and 94778 authorize the Bureau to adopt regulations necessary to implement the Private Postsecondary and Vocational Education Reform Act of 1989 (Statutes of 1997, chapter 78).

Education Code section 94932(c)(2) requires that:

On January 1, 1998 the bureau shall reduce the application fees for approval and reapproval to operate and the annual fees, that are in effect on December 31, 1997, as follows:

- (A) By 5 percent for institutions whose annual gross revenues or projected annual gross revenues are one million dollars (\$1,000,000) or more.
- (B) By 10 percent for institutions whose annual gross revenues or projected annual gross revenues are one hundred thousand dollars (\$100,000) or more but less than one million dollars (\$1,000,000).

- (C) By 15 percent for institutions whose annual gross revenues or projected annual gross revenues are less than one hundred thousand dollars (\$100,000).

The purpose and objective of this proposal is to decrease the approval fees and annual fees charged to degree-granting and nondegree-granting institutions, and ensure that the Bureau is in compliance with Education Code section 94932(c)(2).

The Bureau for Private Postsecondary and Vocational Education issued an emergency regulation order adopting the above schedule of fees as emergency regulations which was approved by the Office of Administrative Law for filing and publication on January 8, 1998. The purpose of this rulemaking proceeding is to adopt the same schedule of fees as permanent regulations of the Bureau for Private Postsecondary and Vocational Education.

The prior version of the Private Postsecondary and Vocational Education Reform Act of 1989 (Statutes of 1995, chapter 758) provided that the Council for Private Postsecondary and Vocational Education would establish by regulation maximum fees, and that the Council could annually adopt a fee schedule within those maximum limits.

Education Code section 94932(c)(2) (Statutes of 1997, Chapter 78) requires that the Bureau reduce the approval fees and annual fees for degree-granting and nondegree-granting institutions in specified percentages based on the annual gross revenues of each institutions. This proposal would set the approval fees and annual fees for degree granting and nondegree granting institutions, effective January 8, 1998, to be as follows:

	<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
For institutions whose gross revenues are:	\$1 million or more	\$100,000 to \$999,999	Under \$100,000
<i>(1) Degree Granting Institutions/Programs:</i>			
<i>(A) New or reapprovals:</i>			
Application with up to five degree programs	\$4,275	\$4,050	\$3,825
Each additional degree program	\$ 95	\$ 90	\$ 85
One course of instruction subject to the Maxine Waters Act (Education Code section 94850 <i>et seq.</i>)	\$ 950	\$ 900	\$ 850
Each additional course of instruction subject to the Maxine Waters Act	\$ 95	\$ 90	\$ 85
<i>(B) Changes to an Approved Course or Institution:</i>			
Addition of a degree title	\$ 238	\$ 225	\$ 213
Addition of a degree program	\$2,375	\$2,250	\$2,125
Addition of course of instruction subject to the Maxine Waters Act	\$ 950	\$ 900	\$ 850
Addition of any course of instruction	\$ 380	\$ 360	\$ 340
Change of main location	\$ 285	\$ 270	\$ 255
Change of branch location	\$ 95	\$ 90	\$ 85
Change of ownership	\$4,275	\$4,050	\$3,825

(2) *Vocational or Non-Degree Institutions/Programs*

(A) *New or reapprovals:*

Application with up to five courses of instruction	\$ 950	\$ 900	\$ 850
Each additional course of instruction	\$ 95	\$ 90	\$ 85
One course of instruction subject to the Maxine Waters Act	\$ 950	\$ 900	\$ 850
Application by non-profit public benefit corporation	\$1,140	\$1,080	\$1,020

(B) *Changes to an Approved Course or Institution:*

Addition of any course of instruction	\$ 380	\$ 360	\$ 340
Addition of one or more courses of instruction subject to the Maxine Waters Act	\$ 950	\$ 900	\$ 850
Change of main or branch location	\$ 285	\$ 270	\$ 255
Change of ownership	\$ 950	\$ 900	\$ 850

(3) *Short Course Institutions/Programs:*

Application for a short course institution	\$ 665	\$ 630	\$ 595
Addition of a site	\$ 380	\$ 360	\$ 340
Change of main location	\$ 285	\$ 270	\$ 255
Change of branch or satellite	\$ 95	\$ 90	\$ 85
Change of ownership, for one site	\$ 665	\$ 630	\$ 595
Change of ownership, for more than one site	\$1,425	\$1,350	\$1,275

(4) *Annual Fees for Degree Granting, Vocational/Non-Degree Granting and Short Course Institutions/Programs:*

Annual gross revenue x	.0057	.0054	.0051
Minimum	\$ 665	\$ 630	\$ 595
Maximum	\$4,750	\$4,500	\$4,250

For short course institutions, add to the amount calculated in the formula above:

per site of instruction for the first 50 sites	\$ 190	\$ 180	\$ 170
per site of instruction for sites over 50	\$ 9.50	\$ 9.00	\$ 8.50

(5) *Religious Exempt Institutions:*

	\$ 95	\$ 90	\$ 85
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All other fees charged by the bureau shall be in accordance with the most current fee schedule that was adopted by the Council for Private Postsecondary and Vocational Education.

Fees which would have been due between January 1, 1998, and January 8, 1998 are deemed to be due on January 8, 1998.

FISCAL IMPACT ESTIMATES:

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State:

The Bureau estimates that the reduction in revenue to the Bureau resulting from the fee reduction will be approximately \$188,380 in fiscal year 1997/1998, and approximately \$376,759 in fiscal year 1998/1999 and ongoing.

Nondiscretionary Costs/Savings to Local Agencies:

None.

Local Mandate:

None.

Cost to Any Local Agency or School District for Which Government Code Section 17561 Requires Reimbursement:

None.

Business Impact:

The Bureau has determined that the proposed regulatory action would have no significant adverse economic impact on California business enterprises and individuals, including the ability of California businesses to compete with businesses in other states. That determination is based upon the fact that Education Code section 94932(c)(2) mandates a fee reduction.

Impact on Jobs/New Businesses:

The Bureau has determined that this regulatory proposal will not have a significant impact on the creation of jobs or businesses, or the elimination of jobs or existing businesses, or the expansion of businesses in the State of California. To the extent that the proposed regulation may have any impact, it is expected to have a positive effect on businesses in that, as a result of the lower fees, institutions may create new jobs, new institutions may decide to enter the market, and existing institutions may decide to expand.

Small Business Impact:

Insignificant.

Cost Impact on Private Persons or Entities:

The Bureau estimates the potential cost impact of the proposed regulations on directly affected private persons or entities will be positive in nature because current fees will be reduced from \$5 to several hundred dollars, depending upon the type of institution, the educational programs offered, and the action to be taken by the Bureau.

Housing Costs:

None.

PLAIN ENGLISH REQUIREMENT:

The Bureau has determined that the proposed regulations would affect small businesses.

The express terms of the proposed action, which are written in plain English, are available from the agency contact person named in this notice.

CONSIDERATION OF ALTERNATIVES:

The Bureau must determine that no alternative which it considered would either be more effective than, or as effective as and less burdensome on, affected private persons than the proposal described in this Notice.

Any interested person may present statements or arguments orally or in writing relevant to the above determination at the above-mentioned hearing.

STATEMENT OF REASONS AND INFORMATION:

The Bureau has prepared a statement of reasons for the proposed action, and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL:

Copies of the exact language of the proposed regulations and of the Statement of Reasons and other information, if any, may be obtained at the hearing, or prior to the hearing upon request from the Bureau for Private Postsecondary and Vocational Education at 1027 Tenth Street, Suite 400, Sacramento, California 95814.

CONTACT PERSON:

Inquiries concerning the proposed administrative action may be addressed to Cindy Thompson, Chief Administrative Officer, at the above address, or at (916) 445-3427.

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